

**NATIONAL DAIRY MARKET AT A GLANCE****CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (3/01):**

**BUTTER:** Grade AA closed at \$1.2700. The weekly average for Grade AA is \$1.2517 (+.0104).

**CHEESE:** Barrels closed at \$1.1500 and blocks at \$1.1900. The weekly average for barrels is \$1.1500 (-.0319) and blocks, \$1.1800 (-.0231).

**NONFAT DRY MILK:** Extra Grade closed at \$0.9900 and Grade A closed at \$1.0000. The weekly average for Extra Grade is \$0.9900 (N.C.) and Grade A, \$1.0000 (N.C.).

**BUTTER:** Butter markets remain unsettled. Some butter handlers feel that the cash price will weaken further, while others feel a firm price will continue. Monthly NASS Cold Storage butter stocks at the end of January are the highest January level in eight years. Churning activity across the country is heavy and most plants that can make butter are operating at or very near capacity levels. Current production continues to surpass demand. Overall butter demand is fair. Retailers are preparing for upcoming Easter needs at which time feature activity is scheduled. Currently, scattered features in the Midwest are occurring at prices under \$1.00 per pound. Food service orders are about steady.

**CHEESE:** The cheese market is unsettled to weak. While recent price declines have stimulated some additional movement, overall cheese sales still do not seem to clear current offerings completely. Current Chicago Mercantile Exchange cash cheese prices are well under the \$1.28 for barrels and \$1.32 for blocks recorded on March 2, 2001. Barrel demand is good at current prices. Natural American offerings are at least adequate. Mozzarella is generally in better balance than recent weeks. Current overall cheese production is generally above year ago levels. Some plant operators tried to reduce production near month end due to the unprofitable cheese and whey returns compared to the cost of milk.

**FLUID MILK:** Milk production patterns continue to build in the southern most states from coast to coast. In the Midwest and Southeast, a cold front pushed through the region at midweek, which many milk handlers feel will slow current gains. In the Northeast, weather conditions are milder and the milk flow continues to show slight gains. In New Mexico, Arizona, and much of California, milk output is running strong. Often, manufacturing plants are having to run longer to process additional supplies and balancing plants are more active than in recent weeks. The fluid cream market is active as surplus cream offerings are being reported in most areas of the country. Overall demand for cream is light, thus much of the current offering is ending up at the churn. Cream cheese and bottled cream production is increasing slightly as Easter needs are being filled. Ice cream production is steady to slightly higher.

**DRY PRODUCTS :** Dry product prices are unchanged to lower across the country. Nonfat dry milk markets are weak with most trading activity occurring with the CCC. Domestic buying patterns are slow and center on immediate needs. Heavy weekly offerings continue to the government support program. Uncommitted CCC stocks of NDM have surpassed 806 million pounds. Speculation continues to surface among the trade whether there will be a support tilt to lower NDM prices and raise butter prices. Buttermilk powder markets are steady to weak. Trading is light and very few sales are being reported. Often, producers are lowering their offering prices to attempt to secure sales, but are not finding much buyer interest. Stocks of powder are building as production is mixed, but mostly heavy. Whey prices are unchanged to lower on a steady to weak market. More contacts feel that prices may be nearing the bottom of the cycle. Movement into export markets from Midwestern and Western sources at lower prices alleviated some producer stocks, however weaker prices are not stimulating significant new interest. Whey production continues to be above most estimates and this means that plants have powder to market that they had not planned on.

**CCC:** For the week of February 25 – March 1, NDM purchases total 22,508,062 pounds. Of the total, 1,024,294 pounds originated in the East and 21,483,768 pounds from the West.

**COLD STORAGE (NASS):** During January, U.S. cold storage holdings of butter total 101.2 million pounds, 80.9% more than a month ago and 47.9% higher than last January. Natural American cheese holdings total 455.3 million pounds, 1.4% heavier than a month ago, but 10.2% less than a year ago. Nonfat dry milk holdings at the end of December total 897.0 million pounds, 15 million pounds more than last month and 262 million pounds more than last December. The government holds 86.5% of the total nonfat holdings.

**DEIP HIGHLIGHTS (FAS):** Through seven months (July - January) of the current DEIP year (July 2001 - June 2002), nonfat dry milk awards total 35,917 MT, 52.7% of the total 68,201 MT allocation for the year. All of the cheese allocation of 3,030 MT has been filled, but none of the 21,097 MT of butterfat has been awarded.

**CLASS AND COMPONENT PRICES (DAIRY PROGRAMS):** The following are the February 2002 prices under the Federal Milk Order pricing system: Class II \$12.28 (down \$.41), Class III \$11.63 (down \$.24); and Class IV \$11.54 (down \$.39). Product price averages used in computing Class prices are: butter \$1.2480, NDM \$0.9121, cheese \$1.2895, and dry whey \$0.2334. The Class II butterfat price is \$1.3887 and the Class III/IV butterfat price is \$1.3817. Further information may be found at:

[www.ams.usda.gov/dairy/mib/classprcacnmt.pdf](http://www.ams.usda.gov/dairy/mib/classprcacnmt.pdf)

**\*\*\*SPECIALS THIS ISSUE\*\*\***

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**CHICAGO MERCANTILE EXCHANGE  
CASH TRADING**

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs.

| PRODUCT    | MONDAY<br>FEBRUARY 25 | TUESDAY<br>FEBRUARY 26 | WEDNESDAY<br>FEBRUARY 27 | THURSDAY<br>FEBRUARY 28 | FRIDAY<br>MARCH 1    | WEEKLY<br>CHANGE* | WEEKLY<br>AVERAGE#   |
|------------|-----------------------|------------------------|--------------------------|-------------------------|----------------------|-------------------|----------------------|
| CHEESE     |                       |                        |                          |                         |                      |                   |                      |
| BARRELS    | \$1.1500<br>(N.C.)    | \$1.1500<br>(N.C.)     | \$1.1500<br>(N.C.)       | \$1.1500<br>(N.C.)      | \$1.1500<br>(N.C.)   | (N.C.)            | \$1.1500<br>(-.0319) |
| 40# BLOCKS | \$1.1650<br>(-.0100)  | \$1.1650<br>(N.C.)     | \$1.1900<br>(+.0250)     | \$1.1900<br>(N.C.)      | \$1.1900<br>(N.C.)   | (+.0150)          | \$1.1800<br>(-.0231) |
| BUTTER     |                       |                        |                          |                         |                      |                   |                      |
| GRADE AA   | \$1.2425<br>(N.C.)    | ----                   | \$1.2425<br>(N.C.)       | ----                    | \$1.2700<br>(+.0275) | (+.0275)          | \$1.2517<br>(+.0104) |

\*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at [WWW.AMS.USDA.GOV/MARKETNEWS.HTM](http://WWW.AMS.USDA.GOV/MARKETNEWS.HTM) (NOTE: The NDM daily/weekly prices are reported here when changes occur. The Extra Grade price is \$.9900 and Grade A price is \$1.0000. NDM information remains available at the above internet address.)

**CHICAGO MERCANTILE EXCHANGE**

MONDAY, FEBRUARY 25, 2002

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 2 CARS 40# BLOCKS: 1 @ \$1.1650, 1 @ \$1.1750  
 BUTTER — SALES: NONE; BIDS UNFILLED: 1 CAR GRADE AA @ \$1.2200; OFFERS UNCOVERED: NONE

TUESDAY, FEBRUARY 26, 2002

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

WEDNESDAY, FEBRUARY 27, 2002

CHEESE — SALES: 5 CARS 40# BLOCKS: 2 @ \$1.1650, 1 @ \$1.1750, 1 @ \$1.1800, 1 @ \$1.1900; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE  
 BUTTER — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

THURSDAY, FEBRUARY 28, 2002

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: NONE

FRIDAY, MARCH 1, 2002

CHEESE — SALES: NONE; BIDS UNFILLED: NONE; OFFERS UNCOVERED: 1 CAR BARRELS @ \$1.1700; 1 CAR 40# BLOCKS @ \$1.2900  
 BUTTER — SALES: NONE; BIDS UNFILLED: 6 CARS GRADE AA: 1 @ \$1.2700, 1 @ \$1.2625, 1 @ \$1.2600, 3 @ \$1.2425; OFFERS UNCOVERED: NONE

**BUTTER MARKETS****JANUARY COLD STORAGE**

According to NASS, January month-ending cold storage figures for butter total 101.2 million pounds, 47.9% higher than the amount held last January and 80.9% more than December holdings. This is the highest January total in eight years.

**NORTHEAST**

The market tone remains unsettled. The price of butter at the CME continues to hold in the mid-\$1.20's at a time when all market indicators point to a weak market. Churning activity in the East and Midwest is heavy and most plants that can make butter are operating at capacity levels. Demand for bulk is mixed, mostly slow to fair. Reportedly, some buyers are purchasing to cover futures positions. The most recent Cold Storage report shows that January's holding are up sharply from a year ago and the heaviest January total in the past 8 years. Retail sales are slow to fair where featured. Food service orders are about steady. Sales of bulk butter, f.o.b. East, are reported in a range of flat market – 4 cents over the CME price/average.

**CENTRAL**

The tone to current butter markets is more stable than in past weeks. Compared to a few weeks ago, most handlers are more comfortable with the current cash price as stock levels increase. Many still feel that the cash price could decline further in light of heavy inventories for this time of the year. Stocks are reported to be nearly double the level they were last year at this time. Butter production continues

to surpass demand. Cream volumes are readily available from both local and out of area sources. Overall butter demand is centering around near term needs. Scattered print butter retail feature activity under \$1.00 per pound is occurring at some Midwestern grocery stores. Food service orders are fairly active as mild winter weather conditions encourage away from home eating pattern to occur. Bulk butter for spot sale is selling in a range of flat - 3 cents per pound over various pricing basis.

**WEST**

Buyers are positioning themselves for Easter butter feature activity. Many believe that sales activity could be pretty good since the basing price is relatively low. Food service orders are only fair at best. Many feel that the lackluster economy is to blame for this situation. Butter production in the region remains heavy. Monthly NASS Cold Storage butter stocks at the end of January stand at 101.2 million pounds, the highest January level in eight years. Stocks increased 45.3 million pounds from December to January. This reinforces the industry perception that cream offerings were very heavy and most of it entered the churns. CME weekly butter stocks grew by 8.7 million pounds last week. This is the third largest weekly purchase since the program started. Stocks now stand at 77.6 million pounds. They have not been this large since the summer of 2000. The low point for weekly stocks last year was 18.3 million pounds, only ten weeks ago. Current prices for bulk butter range from 4 cents to 1 cent under market based on the CME with various time frames and averages involved.

**NASS DAIRY PRODUCT PRICES**  
 U.S. AVERAGE AND TOTAL POUNDS

| WEEK<br>ENDING | CHEESE              |                         | NDM                  | BUTTER              | DRY WHEY             | MILKFAT             |                     |
|----------------|---------------------|-------------------------|----------------------|---------------------|----------------------|---------------------|---------------------|
|                | 40# BLOCKS          | BARRELS<br>38% MOISTURE |                      |                     |                      | CLASS II            | ALL CLASSES         |
| FEB 23         | 1.2390<br>7,666,696 | 1.2016<br>11,052,251    | 0.9116<br>20,062,860 | 1.2325<br>4,226,403 | 0.2194<br>13,238,393 | 1.6052<br>1,337,722 | 1.5926<br>3,855,391 |

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

## CHEESE MARKETS

## NORTHEAST

Prices are slightly lower for most natural and process items. The market tone is weak and unsettled. As prices at the CME move lower, buyers are delaying spot purchases as long as they can to take advantage of the falling prices. Cheese production in the Northeast is moderate to heavy as surplus milk supplies remain heavy. Demand for cheddar is fair at best with a large portion of the current output going into aging programs. Mozzarella sales are reported as spotty, but fairly good overall. Swiss demand is slow to fair as reports indicate that EU supplies of Emmenthaler are growing. This may impact the domestic Swiss market as the year progresses. Retail movement is fair at best and food service sales are steady.

WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

|                             |   |               |
|-----------------------------|---|---------------|
| Cheddar 10# Prints          | : | 1.2675-1.7325 |
| Cheddar Single Daisies      | : | 1.2250-1.6850 |
| Cheddar 40# Block           | : | 1.3450-1.5550 |
| Process 5# Loaf             | : | 1.3925-1.5775 |
| Process 5# Sliced           | : | 1.4125-1.6900 |
| Muenster                    | : | 1.4275-1.6350 |
| Grade A Swiss Cuts 10 - 14# | : | 2.3500-2.5500 |

## MIDWEST

The cheese market is unsettled to weak. Recent price declines on the Chicago Mercantile Exchange cash cheese market have stimulated some buyers to increase purchases, especially for aging programs and short-term needs. Other buyers are still on the sidelines hoping for lower prices or improved consumer sales. Barrel demand remains good, though producers wonder if extra loads are just being stored for later use rather than for near term needs. Good, dry white undergrades for processing remain tight. Process interest is generally fair at best. Bulk natural American for cutting remains sluggish. Shred interest is steady. Most cheese plants continue to operate on schedules heavier than last February. Spot milk offerings are seasonally heavy and usually available at a discount. A few plant operators attribute the extra fluid offerings to lower Class I sales, larger volumes from patron/members, and returns from the sales of cheese and whey less than the anticipated cost of milk (red ink month). Fat and protein tests on incoming milk volumes are drifting lower seasonally.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,  
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

|   |   |               |
|---|---|---------------|
| Process American 5# Loaf                    | : | 1.4025-1.6500 |
| Brick And/Or Muenster 5#                    | : | 1.6600-1.7675 |
| Cheddar 40# Block                           | : | 1.5675-2.1150 |
| Monterey Jack 10#                           | : | 1.8000-2.1150 |
| Blue 5#                                     | : | 1.9575-2.3600 |
| Mozzarella 5 - 6# (Low Moisture, Part Skim) | : | 1.5475-2.2150 |
| Grade A Swiss Cuts 6 - 9#                   | : | 2.0675-2.6850 |

## MIDWEST COMMODITY CHEDDAR

Dollars per pound, standard moisture basis (37.8-39.0%),  
carlot/trucklot, F.O.B. plants or storage centers.

|  |   |                             |
|--|---|-----------------------------|
| CHEDDAR STYLES   | : | FEBRUARY 25 - MARCH 1, 2002 |
| BARRELS*   | : | \$1.1500 - 1.1925 (NOMINAL) |
|  | : | (-\$0.0475) (-.0100)        |
| 40# BLOCKS   | : | \$1.1500 - 1.2375 (NOMINAL) |
|  | : | (-\$0.0650) (-.0075)        |
| () Change from previous week. * If steel, barrel returned. |   |                             |

## WEST

Natural and process cheese prices continue to move lower. Many contacts are surprised at how close to the support price the market is/was. Western product, in general, seems to be in a tighter position than some other areas in the country. Barrel cheese for processing certainly falls into this category. Demand, however, is often called slow after last week's cash market decline. Buyers have pulled back, but there is very little downside price risk. End user stocks are not believed to be all that heavy. Most contacts feel that the Cold Storage report issued last week is either neutral or positive for the market. American cheese stocks at the end of January stood at 455.3 million pounds, down 51.6 million pounds (-10%) from last year. Stocks only grew by about six million pounds from the previous month even though milk production was coming on fairly strong. Swiss stocks, at 12.4 million pounds, are down 11% from the previous year. The Swiss market is balanced with a firm undertone. Mozzarella demand seems to be improving after a lackluster past thirty days.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND  
(1000 - 5000 POUNDS MIXED LOTS)

|                           |   |               |
|---------------------------|---|---------------|
| Process 5# Loaf           | : | 1.3375-1.5975 |
| Cheddar 40# Block         | : | 1.3250-1.4650 |
| Cheddar 10# Cuts          | : | 1.5050-1.7250 |
| Monterey Jack 10#         | : | 1.5150-1.6750 |
| Grade A Swiss Cuts 6 - 9# | : | 2.3600-2.5300 |

## FOREIGN

Prices are steady to slower and the market tone is seasonal. Supplies of imported and foreign type cheese range from light to fully adequate for the generally slow to fair demand. Reports indicate that Swiss cheese supplies in the EU are growing. How that will impact import volumes and prices later in the year is not yet known.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK  
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

| VARIETY                  | NEW YORK          |                  |
|--------------------------|-------------------|------------------|
|                          | IMPORTED          | DOMESTIC         |
| Roquefort                | : TFEWR           | : -0-            |
| Blue                     | : 2.6400-3.1400   | : 1.5700-3.0650* |
| Gorgonzola               | : 3.2400-5.9400   | : 2.0700-2.4900* |
| Parmesan (Italy)         | : TFEWR           | : 2.9850-3.0400* |
| Romano (Italy)           | : 2.1000-2.9900   | : -0-            |
| Provolone (Italy)        | : 3.4400-5.5000   | : 1.5725-1.7975* |
| Romano (Cows Milk)       | : -0-             | : 2.7625-4.9425* |
| Sardo Romano (Argentine) | : 2.6500-3.2900   | : -0-            |
| Reggianito (Argentine)   | : 2.6500-3.2900   | : -0-            |
| Jarlsberg-(Brand)        | : 2.7500-3.5900   | : -0-            |
| Swiss Cuts Switzerland   | : -0-             | : 2.3500-2.5500  |
| Swiss Cuts Finnish       | : 2.5900-2.8500   | : -0-            |
| Swiss Cuts Austrian      | : 2.2500-2.7500   | : -0-            |
| Edam                     | :                 | :                |
| 2 Pound                  | : TFEWR           | : -0-            |
| 4 Pound                  | : 2.1900-2.9500   | : -0-            |
| Gouda, Large             | : 2.3900-2.6800   | : -0-            |
| Gouda, Baby (\$/Dozen)   | :                 | :                |
| 10 Ounce                 | : 27.8000-31.7000 | : -0-            |

\* = Price change.

WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS  
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

|          | BUTTER | CHEESE  |
|----------|--------|---------|
| 02/25/02 | 32,539 | 128,173 |
| 02/01/02 | 25,090 | 126,734 |
| CHANGE   | 7,449  | 1,439   |
| % CHANGE | 30     | 1       |

## FLUID MILK AND CREAM

## E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

|                  | THIS WEEK |     | LAST WEEK |     | LAST YEAR |     |
|------------------|-----------|-----|-----------|-----|-----------|-----|
|                  | IN        | OUT | IN        | OUT | IN        | OUT |
| FLORIDA          | 0         | 33  | 0         | 47  | 0         | 78  |
| SOUTHEAST STATES | 0         | 0   | 0         | 0   | 0         | 0   |

The base price for Class I milk for March 2002 is \$11.62 per cwt., down \$0.33 from February. A Class I differential specific to each pricing point (county) is added to the base price to determine the applicable Class I price. The Class II skim milk price for March is \$7.66, down three cents from February. Milk production is increasing in most of the region, but most noticeably in the Southeast. At midweek, a cold front pushed through the Midwest and Southeast and contacts feel that the sharply colder temperatures will retard the current gains in milk production. In the Northeast, it is still relatively mild and the milk flow continues to show slight gains. Fluid milk supplies are excessive of the slow Class I demand and diversion to manufacturing plants remain heavy. Contacts are surprised by the generally lackluster bottled milk demand throughout the region. Most feel that the recent cold and snowy weather system did not cause very much panic buying and "first of the month" sales appear to be having little impact on bottled milk orders. Manufacturing plant contacts report continued heavy receipts and their plants are nearly full. Some schools have been or are on vacation and this is also disrupting Class I milk orders. Class II condensed skim sales and prices are mostly steady. However, prices for Class III wet solids is lower. Spot demand is fair, but contract shipments are clearing normal volumes. The fluid cream market is little changed from past weeks, but a few contacts report that the glut of cream isn't quite as heavy as it has been. However, supplies are still excessive and sales to butter plants continue at relatively low prices. Spot prices are mixed. Last week's CME average butter prices did move about one cent lower, but in a few instances, multiples moved a little higher. Cream cheese producers are reportedly taking a few extra spot loads this week. Cream cheese orders for Easter are being filled and shipped. Ice cream output is steady to slightly heavier. Bottled cream production is increasing slightly as Easter needs are being filled. Churning activity remains heavy.

## FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

## SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

|  |   |                               |
|--|---|-------------------------------|
| F.O.B. PRODUCING PLANTS: NORTHEAST     | - | 1.4523-1.6137                 |
| DELIVERED EQUIVALENT ATLANTA           | - | 1.4647-1.6137 M 1.4647-1.5144 |
| F.O.B. PRODUCING PLANTS: UPPER MIDWEST | - | 1.4523-1.6013                 |

## PRICES OF CONDENSED SKIM, \$ PER LB WET SOLIDS

|   |                |
|---|----------------|
| F.O.B. PRODUCING PLANTS:                              |                |
| NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES | - .9700-1.0500 |
| NORTHEAST- CLASS III - SPOT PRICES                    | - .8800- .9900 |

## M I D W E S T

Class I demand was steady to occasionally improved where promotions were underway or planned for the upcoming weekend. Manufacturing milk volumes seemed larger and price discounts were more common. Cheese plant interest was generally lighter, unless attractively priced. Reported spot manufacturing milk premiums range from \$1.50 under class to \$1.50 over, mostly from \$.50 cents over on down. A few plant operators attribute the extra fluid offerings to lower Class I sales, often larger milk volumes from patron/members, and returns from the sales of cheese and whey less than the anticipated cost of milk (red ink month) for February. Most manufacturing plant schedules are generally at least even if not above year ago levels as receipts climb slowly seasonally. Cream demand was improving from ice cream manufacturers where retooling allows. Most spot cream purchases were on the lower end of the reported range. Condensed skim interest remains good, though prices ranged from a few spot loads at \$.90, up to \$1.0250. Fat and protein levels are drifting lower seasonally. Temperatures varied from record daily highs (60's) over the

weekend in Wisconsin to back under 30 degrees. The limited snow cover, unseasonably warm temperatures, and occasional bouts of colder temperatures may lead to increased alfalfa winterkill. The warmer winter weather has aided feed efficiency since cows do not need to use as much energy to maintain body temperatures this winter.

## WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

|                           | FEB 21 - 27     | PREVIOUS YEAR   |
|---------------------------|-----------------|-----------------|
| SLAUGHTER COWS            | \$ 40.00- 45.00 | \$ 41.00- 48.00 |
| REPLACEMENT HEIFER CALVES | \$550.00-650.00 | \$280.00-350.00 |

## SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

|                | FEB 21 - 27     | PREVIOUS YEAR   |
|----------------|-----------------|-----------------|
| SLAUGHTER COWS | \$ 37.00- 45.00 | \$ 40.50- 55.50 |

## W E S T

January 2002 pool receipts of milk in CALIFORNIA total 2.840 billion pounds, 4.3% higher than a year prior. The January blend price, at a fat test of 3.85%, is \$12.55, \$0.22 higher than December 2001 and \$0.75 higher than January 2001. The percentage of receipts used in Class I products is 19.66%. The January quota price is \$13.16 and the over quota price is \$11.46. These prices are \$0.23 above December 2001 and \$0.43 higher than a year earlier. Milk output in California continues to outpace year ago levels throughout the state. Warmer and dryer conditions in the south are leading to increased milk intakes by 1 to 2% in recent weeks. Manufacturing plants have to run longer to process additional supplies and balancing plants are more active than in recent weeks. Class I sales are not seeing much change this week. A Central Valley cheese plant closure this week is placing additional milk into other processing plants. Cow numbers continue to be added in the state with gains mainly coming in from other states. Alfalfa harvest in the Imperial Valley is putting more new hay to dairies in the Central Valley. Prices are steady to higher. Milk production is increasing in NEW MEXICO and plants are operating on longer schedules to process the additional milk. Conditions are favorable for milk per cow gains and the numbers of milk cows are increasing in the state. Forage costs remain high, especially for non contracted needs. Growth in farm numbers and milk cows is not expected to be as high as in recent years due to economic considerations. Milk output is beginning to increase at a faster rate for some producers in the PACIFIC NORTHWEST. Conditions are warmer and days are getting longer. Early reports are noted of a number of cows being put out on pasture. Some fields have dried enough that the cows are not cutting them up. As this trend continues, milk production will continue to increase. Short hay supplies do not seem to be playing a part in these early decisions. Weather conditions had warmed up at the end of last week in NORTHERN UTAH and SOUTHERN IDAHO. Some thawing took place and cow yards became somewhat muddy. This trend came to an abrupt end as temperatures dropped below zero again this week. Most operations in the region are noting that milk has not started coming up at all and may, in fact, be declining somewhat. Many plants are searching for additional loads of milk and they are having success for the most part. Fat and protein levels are rated as good for this time of year. Most contacts are not expecting to see a lot of milk output growth this summer. A combination of high heifer prices, low milk prices, and increased regulation are all coming together to stymie growth. Western cream prices are mostly unchanged from recent weeks. The CME butter price has traded three sessions in a row at \$1.2425. However, there remains an unsettled weakness to the cream markets. Buying interest is lackluster and multiples and overages have to be low to garner interest. Cream movements out of California are limited beyond contracted volumes. Butter churns are active locally to process cream. Ice cream production has been slow to materialize, but warmer weather is beginning to heighten consumer demand. Western cream multiples are unchanged at 100 to 120, FOB.

**NDM, BUTTERMILK & WHOLE MILK**

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

**NONFAT DRY MILK - CENTRAL AND EAST**

CENTRAL: Prices are unchanged to lower on a mostly steady market. Without any changes in the tilt, buyers are picking up loads on an as needed basis at prices generally around the average. Most movement continues to occur on contracts. Reseller inquiries are higher with producers generally in good balance. NDM production is steady to higher as milk supplies seasonally increases and plants opt to move volumes to butter/powder rather than cheese. High heat trading is light. Standard grade demand is good for the limited supplies.

EAST: Prices are fractionally lower and the market tone is little changed. Drying schedules remain heavy and plant stocks are growing. Some contacts report that they may soon have to move powder to off-site storage because their plant warehouses are nearing capacity. Demand is lackluster, but a few more scattered reports note that some spot activity is occurring, but buyers are shopping for the best price. Most spot purchases are for immediate needs. Sales to CCC from the East continue. Surplus milk volumes continue to be heavy and, in some areas, increasing. The growing stocks of NDM are a concern, particularly to those who cannot offer to CCC. Should CCC make a tilt change, inventory values would be greatly reduced.

Includes EXTRA GRADE and GRADE A

F.O.B. CENTRAL/EAST:

|                  |                |         |               |
|------------------|----------------|---------|---------------|
| LOW/MEDIUM HEAT: | .9000 - .9675  | MOSTLY: | .9200 - .9400 |
| HIGH HEAT:       | .9600 - 1.0250 |         |               |

**NONFAT DRY MILK - WEST**

Low/medium heat NDM prices are lower in light spot trading. The market tone remains weak. As the end of another month approaches, trade sources speculate whether there will be a support tilt to lower NDM prices and raise butter prices. There continues to be heavy weekly offerings of NDM to the support program as producers keep stock levels as light as possible. Uncommitted CCC stocks of NDM are surpassing 800 million pounds. Domestic buying patterns are predictably slow and center on immediate needs. Additional DEIP activity is moving NDM, but the total volumes and extended shipping dates are not expected to be market significant. Production in the region is moderate to heavy to continue to process milk. During the week of February 18 - 22, adjusted support program purchases totaled 9,589,890 million pounds of NDM with 8,360,106 pounds from the West. High heat prices were adjusted lower in limited trading. Production levels are mostly steady with limited orders occurring beyond contracted amounts. Stocks are being kept at light levels for nearby needs with the watchful eye on a change in the tilt.

Includes EXTRA GRADE and GRADE A

|                  |               |         |               |
|------------------|---------------|---------|---------------|
| LOW/MEDIUM HEAT: | .8950 - .9900 | MOSTLY: | .9000 - .9150 |
| HIGH HEAT:       | .9275 - .9600 |         |               |

**CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK**

| WEEK ENDING | PRICE    | TOTAL SALES | SALES TO CCC |
|-------------|----------|-------------|--------------|
| February 22 | \$ .9044 | 12,328,128  | 8,262,201    |
| February 15 | \$ .9033 | 11,960,855  | 8,020,950    |

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

**DRY BUTTERMILK - CENTRAL**

Prices are unchanged to lower on a steady to weak market. Trading is very light with most sales reported at .8200 - .8500 FOB. Plants are willing to negotiate lower prices if buyers are willing to partake in a trade. However, with interest so lackluster, plants are being forced to store product until demand increases from ice cream or blending facilities. Production is mixed yet mostly heavier. While some plants are no longer churning in light of decreased cream supplies, others are producing plenty of butter and buttermilk. Condensed supplies are heavy for the light to fair interest.

|             |               |
|-------------|---------------|
| BUTTERMILK: | .8200 - .9500 |
|-------------|---------------|

**DRY BUTTERMILK - NORTHEAST AND SOUTHEAST**

Prices are steady to mostly lower and nominal in the East. Few spot sales were reported in the East and the market tone is weak. Churning activity remains heavy and buttermilk supplies are unseasonably heavy. Drying schedules are about steady and often reduced by the growing volumes of skim to be cleared. Producer stocks are increasing.

|                   |               |
|-------------------|---------------|
| F.O.B. NORTHEAST: | .9000 - .9450 |
| DELVD SOUTHEAST:  | .8800 - .9800 |

**DRY BUTTERMILK - WEST**

Western dry buttermilk prices and the market tone continue to weaken. Producers are lower offering prices in attempts to secure sales, but are not finding much buying interest. Buyers are cautious of making purchases in a weak market, especially with offerings available in all regions. Overall, seasonal orders are light. Production remains heavy to process solids being generated by high butter output. Stocks are moderate to heavy and moving slowly.

|             |               |         |               |
|-------------|---------------|---------|---------------|
| BUTTERMILK: | .8800 - .9700 | MOSTLY: | .9100 - .9400 |
|-------------|---------------|---------|---------------|

**DRY WHOLE MILK - NATIONAL**

Prices are generally steady, but some fractional changes higher were noted. The market tone is unchanged. Production levels are steady and plant stocks are light and closely balanced. Spot buying interest remains slow to fair.

|                         |                 |
|-------------------------|-----------------|
| F.O.B. PRODUCING PLANT: | 1.2000 - 1.2850 |
|-------------------------|-----------------|

**DEIP BID ACCEPTANCE SUMMARY**

JULY 1, 2001 THROUGH FEBRUARY 22, 2002  
WITH CHANGES FROM PREVIOUS REPORT

|                 |    |        |                     |
|-----------------|----|--------|---------------------|
| NONFAT DRY MILK | -- | 35,462 | MT (78,179,525 LBS) |
| CHANGE          | -- | 1,128  | MT (2,486,789 LBS)  |

|        |    |       |                    |
|--------|----|-------|--------------------|
| CHEESE | -- | 3,030 | MT (6,679,938 LBS) |
|--------|----|-------|--------------------|

This program-year allocation is filled.

Allocations for the DEIP year beginning July 1, 2001: Nonfat dry milk -- 68,201 MT; Cheese -- 3,030 MT; Butterfat -- 21,097 MT.

**WHEY, CASEIN & EVAPORATED MILK**

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

**DRY WHEY - CENTRAL**

Prices are unchanged to lower on a steady to weak market. Increased movement into export markets at the lower end of the range alleviated some producer stocks. However, manufacturers continue to report that the market is "sloppy" with movement often inhibited into exports by the shipping differential between Central and West regions. Offering prices on single loads are generally at the average whereas multiple loads are reportedly negotiable. Production is steady to higher in light of seasonal increases in the milk supply. Some end-users are attempting to resell their excess stocks of whey to avoid losses anticipated in a weak market. Aged product is available at the lower end of the range for the fair demand.

NONHYGROSCOPIC: .1900 - .2050 MOSTLY: .2000 - .2050

**DRY WHEY - NORTHEAST AND SOUTHEAST**

Prices continue to move lower and the market tone remains weak. More contacts feel that prices may be nearing the bottom of this cycle. Buyers are showing a little more interest. Some producers report getting more calls as buyers start shopping for spot needs. However, overall demand remains slow to fair. Export interest is noted, but more often for Central and Western product. Eastern production levels are seasonably heavy and most producers have spot loads to move. Both Extra Grade and Grade A whey are available.

|                   |              |               |
|-------------------|--------------|---------------|
| F.O.B. NORTHEAST: | EXTRA GRADE  | .2000 - .2100 |
|                   | USPH GRADE A | .2200 - .2500 |
| DELVD SOUTHEAST:  |              | .2200 - .2450 |

**DRY WHEY - WEST**

Prices are generally weaker for Western whey powder. The lower prices are allowing whey to continue to move into export channels, but they are not stimulating much new interest. Buyers from overseas markets are much more price conscious at this time. Whey production continues to be above most estimates and this means that plants have powder to market that they had not planned on. Milk output is beginning to increase at a faster seasonal rate over much of the region. Manufacturing plants are very cognizant of their current inventory levels and don't want them to grow much further at this point in time.

NONHYGROSCOPIC: .1925 - .2400 MOSTLY: .2050 - .2200

**ANIMAL FEED WHEY - CENTRAL**

Prices are mixed on delactose and unchanged to lower on milk replacer and roller ground. Lower prices previously reported on delactose spurred new interest in the commodity. Supplies are mostly in balance with demand. Contracts based on the whey and WPC market are clearing at prices below the range. Comparing per unit of protein prices, 24% delactose is \$0.21 lower than 34% WPC. Price comparisons may influence buyer decisions. Milk replacer prices are moving lower with the Extra Grade whey market. Supplies of milk replacer are mixed. Roller ground supplies are in balance to tight with some firms resisting price movement with the Extra Grade whey market. January calf slaughter totaled 87,400 head, down 4% from January 2001. The average live weight was 1 pound below last year, at 321 pounds. The January 2002 U.S. pig crop at 8.17 million head, was 4% more than the previous year. U.S. sows and gilts bred during January totaled 1.19 million head, up 2% from the previous year.

|                               |               |
|-------------------------------|---------------|
| MILK REPLACER:                | .1700 - .1900 |
| ROLLER GROUND:                | .1900 - .2225 |
| DELACTOSE (Min. 20% protein): | .3850 - .4150 |

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices are mixed on a weak market. While lower than expected NDM sales from the CCC enhanced interest into some WPC facilities, the availability of high protein product from domestic and foreign sources is generally decreasing interest in WPC 34%. Some 80% prices are reportedly undercutting the 34% market on a per unit of protein basis, encouraging feed buyers to include 80% rather than 34% WPC in their formulations. CCC NDM interest is decreasing as plants report that altering their formulas to include NDM is no longer cost effective. Grade A and brand specific demand into edible facilities is good. Production of 34% WPC is steady to lower due to decreases in cheese production and equipment delays. Stocks are in balance to somewhat long. Off grade supplies of 34% and 80% are plentiful at prices that vary with the quality.

EXTRA GRADE 34% PROTEIN: .6000 - .6650 MOSTLY: .6300 - .6475

**LACTOSE - CENTRAL AND WEST**

Prices are unchanged on a mostly steady market. Supplies are mixed. Some firms are well contracted and receiving requests from current buyers for additional product. At other locations, manufacturers are seeing export buyers reduce their commitments and interest lagging on the 100 and 200 mesh sizes. Some plants are opting to produce unground product rather than the more costly higher mesh sizes. Firms that deal with feed buyers are reporting reduced interest in light of lower whey and permeate prices. Negotiations for 2nd quarter are underway at some plants with some contracts finalized at steady prices. Supplies of totes are heavier than bagged product. Off grade supplies are readily available at some locations for the fair interest.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

EDIBLE: .2000 - .2800 MOSTLY: .2075 - .2375

**CASEIN - NATIONAL**

Casein markets are weak with prices basically unchanged. Domestic buyers indicate that stocks of both rennet and acid are adequate to meet current needs although rennet is slightly less available. Oceania sources continue to indicate that production and marketing strategies are in line with previous projections. Shipments to the US are basically occurring as scheduled. European sourced product is also arriving as scheduled. Milk production in Europe is gradually increasing, thus casein production for the new season is also resuming. Domestic buyers and handlers feel that prices will continue within current ranges to slightly lower as the second quarter nears.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

|         |                 |
|---------|-----------------|
| RENNET: | 2.3000 - 2.5000 |
| ACID:   | 2.1500 - 2.3500 |

**EVAPORATED MILK - NATIONAL**

Prices and the market tone are unchanged. Surplus milk supplies remain heavy. Depending on area of the country, surplus milk prices are often priced below Class, delivered and some producers are taking advantage of this opportunity to replenish inventories. Demand for canned evaporated milk is fair as there is usually a small increase in sales around Easter.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$19.00 - 33.00

Excluding promotional and other sales allowances. Including new price announcements.

**CHICAGO MERCANTILE EXCHANGE FUTURES**Selected settling prices, (open interest), and volume 1/

| Month   | 02/13            | 02/14            | 02/15            | 02/18      | 02/19            | 02/20            | 02/21            | 02/22            | 02/25           | 02/26           |
|---|------------------|------------------|------------------|------------|------------------|------------------|------------------|------------------|-----------------|-----------------|
| <b>CME - (CLASS III) MILK FUTURES --</b> Dollars per cwt. |                  |                  |                  |            |                  |                  |                  |                  |                 |                 |
| FEB 02  | 11.70 (1426) 139 | 11.72 (1451) 61  | 11.68 (1428) 23  | NO TRADING | 11.65 (1409) 7   | 11.63 (1390) 2   | 11.62 (1393) 1   | 11.64 (1395) 10  | 11.61 (1389) 0  | 11.62 (1391) 0  |
| MAR 02  | 11.16 (1330) 52  | 11.09 (1351) 58  | 11.04 (1358) 76  |            | 10.97 (1360) 42  | 11.00 (1458) 163 | 10.90 (1516) 82  | 10.78 (1560) 163 | 10.78 (1537) 85 | 10.70 (1531) 28 |
| APR 02  | 11.42 (1350) 53  | 11.35 (1369) 45  | 11.30 (1417) 148 |            | 11.24 (1433) 85  | 11.26 (1480) 81  | 11.20 (1527) 78  | 11.10 (1547) 129 | 11.11 (1566) 40 | 11.21 (1577) 45 |
| MAY 02  | 11.54 (1266) 66  | 11.54 (1296) 58  | 11.49 (1355) 121 |            | 11.43 (1384) 70  | 11.43 (1416) 67  | 11.37 (1471) 82  | 11.30 (1489) 132 | 11.35 (1502) 40 | 11.45 (1532) 53 |
| JUN 02  | 12.08 (1150) 20  | 12.08 (1190) 76  | 12.06 (1256) 125 |            | 11.97 (1302) 105 | 11.96 (1333) 57  | 11.90 (1418) 98  | 11.85 (1447) 149 | 11.92 (1458) 27 | 12.04 (1462) 35 |
| JUL 02  | 13.00 (1204) 19  | 12.98 (1240) 87  | 12.93 (1283) 130 |            | 12.83 (1326) 104 | 12.79 (1368) 112 | 12.71 (1452) 117 | 12.65 (1487) 127 | 12.72 (1486) 62 | 12.90 (1497) 28 |
| AUG 02  | 13.21 (1090) 37  | 13.21 (1178) 134 | 13.18 (1235) 118 |            | 12.95 (1275) 65  | 13.06 (1315) 133 | 12.96 (1396) 104 | 12.85 (1427) 152 | 12.90 (1430) 8  | 13.01 (1444) 25 |
| SEP 02  | 13.35 (1088) 23  | 13.35 (1123) 95  | 13.32 (1282) 255 |            | 13.25 (1351) 138 | 13.25 (1384) 99  | 13.15 (1469) 138 | 13.01 (1500) 135 | 13.09 (1498) 16 | 13.17 (1505) 22 |
| OCT 02  | 12.70 (736) 9    | 12.70 (757) 27   | 12.70 (787) 76   |            | 12.65 (831) 83   | 12.65 (853) 73   | 12.60 (917) 94   | 12.55 (940) 128  | 12.63 (941) 7   | 12.75 (949) 13  |
| NOV 02  | 12.35 (485) 16   | 12.35 (506) 32   | 12.36 (559) 91   |            | 12.30 (567) 17   | 12.28 (603) 54   | 12.25 (643) 61   | 12.21 (662) 101  | 12.23 (663) 12  | 12.35 (667) 9   |
| DEC 02  | 12.08 (430) 6    | 12.08 (443) 27   | 12.08 (511) 108  |            | 12.02 (513) 9    | 12.00 (537) 44   | 11.95 (556) 38   | 11.91 (561) 72   | 11.95 (556) 25  | 12.00 (574) 20  |
| JAN 03  | 11.70 (28) 0     | 11.70 (28) 0     | 11.70 (28) 0     |            | 11.70 (28) 0     | 11.70 (29) 1     | 11.60 (29) 0     | 11.60 (29) 0     | 11.60 (44) 15   | 11.63 (46) 2    |
| FEB 03  | 11.70 (12) 0     | 11.70 (12) 0     | 11.70 (12) 0     |            | 11.70 (12) 0     | 11.70 (12) 1     | 11.60 (12) 0     | 11.60 (12) 0     | 11.60 (12) 0    | 11.60 (12) 0    |
| MAR 03  | 11.80 (14) 0     | 11.80 (14) 0     | 11.80 (14) 0     |            | 11.80 (14) 0     | 11.80 (15) 1     | 11.60 (15) 0     | 11.60 (15) 0     | 11.60 (15) 0    | 11.60 (15) 0    |

**CME - CLASS IV MILK FUTURES -** Dollars per cwt.

|        |                |               |               |            |                |               |               |               |               |               |
|--------|----------------|---------------|---------------|------------|----------------|---------------|---------------|---------------|---------------|---------------|
| FEB 02 | 11.73 (136) 0  | 11.73 (136) 0 | 11.73 (136) 0 | NO TRADING | 11.73 (136) 0  | 11.73 (136) 0 | 11.73 (136) 0 | 11.73 (132) 6 | 11.64 (130) 2 | 11.65 (130) 0 |
| MAR 02 | 11.50 (148) 11 | 11.70 (148) 2 | 11.70 (148) 0 |            | 11.70 (148) 0  | 11.70 (153) 5 | 11.70 (153) 0 | 11.70 (152) 6 | 11.70 (152) 0 | 11.70 (151) 2 |
| APR 02 | 11.70 (173) 0  | 11.70 (173) 0 | 11.70 (173) 0 |            | 11.70 (173) 0  | 11.78 (180) 7 | 11.88 (181) 0 | 11.88 (181) 0 | 11.88 (183) 4 | 12.10 (183) 0 |
| MAY 02 | 11.70 (250) 0  | 11.76 (251) 1 | 11.76 (251) 0 |            | 11.76 (251) 0  | 11.76 (253) 7 | 11.86 (253) 0 | 11.90 (253) 0 | 11.96 (253) 0 | 12.01 (253) 0 |
| JUN 02 | 11.75 (352) 0  | 11.80 (353) 1 | 11.80 (353) 0 |            | 11.80 (353) 0  | 11.80 (359) 7 | 11.90 (359) 0 | 11.90 (359) 0 | 11.92 (359) 0 | 11.92 (359) 0 |
| JUL 02 | 11.95 (474) 0  | 12.05 (475) 1 | 12.05 (475) 0 |            | 12.05 (485) 10 | 12.13 (490) 5 | 12.13 (490) 0 | 12.13 (490) 0 | 12.13 (490) 0 | 12.13 (490) 0 |
| AUG 02 | 12.05 (457) 0  | 12.06 (458) 1 | 12.06 (458) 0 |            | 12.06 (458) 0  | 12.06 (458) 4 | 12.16 (458) 0 | 12.16 (458) 0 | 12.16 (458) 0 | 12.16 (458) 0 |
| SEP 02 | 12.05 (380) 0  | 12.05 (381) 1 | 12.05 (381) 0 |            | 12.05 (381) 0  | 12.05 (381) 4 | 12.15 (381) 0 | 12.15 (381) 0 | 12.15 (381) 0 | 12.15 (381) 0 |
| OCT 02 | 12.10 (352) 0  | 12.11 (352) 0 | 12.11 (352) 0 |            | 12.11 (352) 0  | 12.11 (357) 7 | 12.11 (357) 0 | 12.11 (357) 0 | 12.11 (357) 0 | 12.13 (357) 0 |

**CME - BUTTER FUTURES --** Cents per pound

|        |                |                |                |            |                |                |                |                |                |                 |
|--------|----------------|----------------|----------------|------------|----------------|----------------|----------------|----------------|----------------|-----------------|
| MAR 02 | 132.50 (176) 0 | 132.50 (176) 0 | 132.50 (177) 3 | NO TRADING | 130.00 (177) 0 | 130.00 (180) 3 | 130.50 (181) 1 | 131.00 (179) 8 | 131.50 (183) 4 | 132.02 (198) 16 |
| MAY 02 | 135.50 (69) 0  | 135.50 (70) 2  | 134.50 (70) 0  |            | 134.50 (70) 0  | 134.50 (70) 0  | 134.50 (69) 1  | 134.50 (74) 5  | 134.50 (74) 0  | 134.52 (74) 0   |
| JUL 02 | 138.50 (136) 0 | 138.50 (137) 1 | 137.50 (139) 2 |            | 135.52 (141) 2 | 136.02 (142) 9 | 136.50 (142) 4 | 137.00 (143) 4 | 137.50 (143) 2 | 138.50 (155) 12 |
| SEP 02 | 141.00 (149) 0 | 141.00 (150) 1 | 140.00 (153) 6 |            | 139.00 (155) 6 | 139.00 (162) 7 | 139.50 (163) 3 | 140.00 (164) 5 | 141.00 (163) 5 | 142.00 (163) 0  |
| OCT 02 | 142.00 (84) 0  | 142.00 (84) 0  | 142.00 (86) 2  |            | 140.00 (88) 2  | 140.00 (88) 0  | 140.50 (88) 0  | 141.00 (92) 4  | 142.50 (92) 4  | 142.50 (102) 11 |

**CME - NONFAT DRY MILK FUTURES --** Cents per pound

|        |              |              |              |            |              |              |              |              |              |              |
|--------|--------------|--------------|--------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|
| JUL 02 | 88.62 (11) 0 | 88.62 (11) 0 | 88.62 (11) 0 | NO TRADING | 88.62 (11) 0 | 88.62 (11) 0 | 88.65 (11) 0 | 88.65 (11) 0 | 88.65 (11) 0 | 88.65 (11) 0 |
|--------|--------------|--------------|--------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|

1/ At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-224-5088.

## INTERNATIONAL DAIRY MARKET NEWS

Information gathered February 18 - March 1, 2002

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

## WESTERN AND EASTERN EUROPE

**OVERVIEW: WESTERN EUROPE:** Milk production in Europe continues to increase seasonally in most countries. At this point, producers are monitoring their production volumes as the milk quota yearend nears (March 31). Projections indicate that total milk volumes for Europe are running slightly heavier than quota guidelines, with about half of the countries within quota and countries such as Germany, Ireland, The Netherlands, and Spain running heavier. Effective March 1, the EU Management Committee announced another export refund adjustment for skim and whole milk powder. This is the fourth adjustment higher since being re-introduced on November 15. Many European powder producers are preparing skim milk powder for intervention offering which opens March 1. Opinions remain mixed as to what percentage of the maximum total of 109,000 metric tons of powder will be offered during the upcoming months. Domestic sales of manufactured dairy products are reported to be seasonal and as anticipated. International sales are very slow. There is some international buyer interest, but these sales are being filled from other areas of the world at prices under quoted European price levels. Many producers and handlers feel that it may be quiet on the European front during the early part of the upcoming milk production season, but traders are hopeful that sales will pick up from Europe once the milk production season subsides and inventories decline in the Southern Hemisphere. Most traders indicate that the skim milk powder intervention price of about 2055 euros (\$1790 US\$) will be used to stabilize current markets.

**BUTTER/BUTTEROIL:** European butter markets are weak with prices unchanged to slightly lower. At this point, the international buyer interest for butter that is occurring is being filled from other parts of the world at lower prices. Some European traders are indicating that they can't compete at price levels that buyers are willing to pay, although some Eastern European butter sales are being reported at under \$1000 per MT. Intervention continues to close in various countries, although butter is being readied for PSA storage which opens March 1. Overall production of butter/powder is increasing as powder produced during the past month can be offered to intervention also on March 1.

82% BUTTERFAT: 1,100 - 1,200

99% BUTTERFAT: 1,300 - 1,450

**SKIM MILK POWDER (SMP):** Skim milk powder markets are unsettled, although a stabilizing undertone is developing. Many skim powder producers are preparing powder for intervention offering on March 1. Opinions remain mixed as to how much powder will clear to intervention during the open season. International sales activity out of Europe remains light, however traders indicate that sales are being reported elsewhere in the world at lower prices.

1.25% BUTTERFAT: 1,450 - 1,550

**WHOLE MILK POWDER (WMP):** Whole milk powder prices continue to weaken, although the undertone to the market is stabilizing. Many associated with current markets from producers, handlers to traders feel that the bottom of the market may be close at hand. Most feel that this might be occurring due to the direction of the skim powder market and near term offering into intervention. At this point, international whole milk powder demand remains light for European sourced product. Often, potential buyer interest is being filled from other sources in the world at prices under European quotes.

26% BUTTERFAT: 1,440 - 1,500

**SWEET WHEY POWDER:** European whey market are steady to firm, although some unconfirmed reports of whey sales out of Eastern Europe are being reported under the quoted range. Stocks of powder are reported to be available for both domestic and international buyer interest. For the most part, European prices, especially Western European, are higher than potential buyers are willing to pay.

NONHYGROSCOPIC: 500 - 650

**OVERVIEW: EASTERN EUROPE:** Milk production patterns in Eastern Europe remain low, although reports indicate that the milk flow will be resuming seasonal increases shortly. Although the winter season is not over, conditions up to this point have not been as adverse as in past years, thus the beginning of the new production season should not be as large of a struggle as in previous years. Some sales of Eastern European manufactured dairy products have been reported, but no significant ongoing sales are being reported. Stocks of products are low, thus most handlers and traders are looking forward to the new production season to once again establish workable inventories.

## OCEANIA

**OVERVIEW:** Late season milk production in Australia and New Zealand is reported to be quite strong, although production patterns are declining. In Australia, especially in Victoria, late season monthly production is reported to be in the double digits when compared to the previous year. In New Zealand, output patterns are ahead of last season, although milk production is dropping quite sharply. This late season volume of milk in both countries is adding to some milk handlers' concerns. Stocks of manufactured dairy products are fully sufficient to fill contracted and known needs with additional volumes of most all products available for future sales. In New Zealand, milk volumes are declining to the point that plants are reducing processing schedules and in instances shuttering their operations for a few months until the new milk production season resumes in August. International sales activity continues to be reported as slow and unaggressive. Traders indicate that most sales activity is centering around an as needed basis with no significant large orders being placed. Many Oceania handlers and traders feel that a bottom to weak markets might be close at hand.

**BUTTER:** Oceania butter markets remain weak with prices continuing to edge lower. A sale of over 3000 MT of butter to Japan at prices near the low end of the price range was reported out of the Oceania region. This sale was the first significant new movement of butter in quite some time. Outside of this sale, most sales continue to center around regular and ongoing buyer needs. Stocks of butter are reported to be fully sufficient to meet contracted needs with additional volumes available for new buyer interest.

82% BUTTERFAT: 1,000 - 1,100

**CHEDDAR CHEESE:** Cheese markets remain basically steady, although higher prices have adjusted lower. Demand for cheese continues to clear good volumes with producers and handlers indicating that inventories are in pretty good balance. Cheese demand has remained quite stable and on track with previous projections.

39% MAXIMUM MOISTURE: 1,800 - 1,950

**SKIM MILK POWDER (SMP):** Skim milk powder markets remain weak, although a stabilizing undertone is returning to the market. Many handlers and traders feel that a bottom of the price decline might be close at hand. Milk production in the Oceania region is declining seasonally although late season strength is generating additional milk volumes for processing. Oceania manufacturers are looking at this additional milk with mixed opinions. Some feel that the milk will add to already heavy inventories, while others are able to divert the milk toward other manufactured dairy products. Buyer interest remains slow and unaggressive. Oceania producers and handlers report that ongoing/contractual sales continue to clear good volumes of powder, but additional volumes are available for future sales.

1.25% BUTTERFAT: 1,400 - 1,550

**WHOLE MILK POWDER (WMP):** Oceania whole milk powder markets remain weak, although a stabilizing undertone is being reported. Stocks of powder appear to be readily available for contracted and future sales. Above and beyond ongoing shipments, new sales activity is reported as light with most sales occurring on an as needed basis. Often, potential buyers are quoting what they are willing to pay with suppliers negotiating a price or end up holding unsold stocks.

26% BUTTERFAT: 1,400 - 1,450

Exchange rates for selected foreign currencies: FEBRUARY 25, 2002

|                       |                          |
|-----------------------|--------------------------|
| .6245 Canadian Dollar | .0205 India Rupee        |
| .4751 Argentina Peso  | .4175 New Zealand Dollar |
| .1103 Mexican Peso    | .5140 Australian Dollar  |
| 1.4249 British Pound  | .0075 Japanese Yen       |
| .2388 Polish Zloty    | .8692 Euro               |

To compare the value of 1 US Dollar to Mexican Pesos:  $(1/.1103) = 9.0601$ . That is 1 US Dollar equals 9.0601 Mexican Pesos.

Source: "Wall Street Journal"

## MONTHLY SUMMARY AND AVERAGES FOR FEBRUARY 2002 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

| COMMODITY   | REPORT NUMBER 5   | REPORT NUMBER 6   | REPORT NUMBER 7   | REPORT NUMBER 8   | REPORT NUMBER 9   | 2002                | 2001                |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|---------------------|
|   | FEB 01            | FEB 04- 08        | FEB 11 - 15       | FEB 18 - 22       | FEB 25 - 28       | Average<br>or Total | Average<br>or Total |
| CHEESE  |                   |                   |                   |                   |                   |                     |                     |
| MIDWEST COMMODITY CHEDDAR   |                   |                   |                   |                   |                   |                     |                     |
| -- Cheddar Barrels  | 1.2100 - 1.3600   | 1.1875 - 1.2450   | 1.1875 - 1.2000   | 1.1975 - 1.2025   | 1.1500 - 1.1925   | 1.2011              | 1.2066              |
| -- Cheddar 40# Blocks   | 1.2275 - 1.3900   | 1.2125 - 1.2875   | 1.2075 - 1.2525   | 1.2150 - 1.2450   | 1.1500 - 1.2375   | 1.2318              | 1.2001              |
| WISCONSIN (WSP, Delivered, LTL)                                       |                   |                   |                   |                   |                   |                     |                     |
| -- Process American 5# Loaf   | 1.5700 - 1.6500   | 1.4550 - 1.6500   | 1.4100 - 1.6500   | 1.4075 - 1.6500   | 1.4025 - 1.6500   | 1.5391              | 1.4574              |
| -- Brick And/Or Muenster 5#   | 1.6300 - 1.9525   | 1.6300 - 1.8300   | 1.6300 - 1.7875   | 1.6600 - 1.7775   | 1.6600 - 1.7675   | 1.7218              | 1.6119              |
| -- Cheddar 40# Block  | 1.6100 - 2.1150   | 1.6100 - 2.1150   | 1.5875 - 2.1150   | 1.5775 - 2.1150   | 1.5675 - 2.1150   | 1.8516              | 1.7867              |
| -- Monterey Jack 10#  | 1.8300 - 2.1150   | 1.8300 - 2.1150   | 1.8200 - 2.1150   | 1.8100 - 2.1150   | 1.8000 - 2.1150   | 1.9659              | 1.8899              |
| -- Blue 5#  | 2.1425 - 2.3300   | 2.0200 - 2.3300   | 1.9775 - 2.3300   | 1.9675 - 2.3600   | 1.9575 - 2.3600   | 2.1668              | 1.9994              |
| -- Mozzarella 5 - 6#  | 1.6500 - 2.2150   | 1.6100 - 2.2150   | 1.5675 - 2.2150   | 1.5575 - 2.2150   | 1.5475 - 2.2150   | 1.8959              | 1.8459              |
| -- Grade A Swiss Cuts 6 - 9#  | 2.0675 - 2.6850   | 2.0675 - 2.6850   | 2.0675 - 2.6850   | 2.0675 - 2.6850   | 2.0675 - 2.6850   | 2.3763              | 2.3650              |
| NORTHEAST (WSP, Delivered, LTL)                                       |                   |                   |                   |                   |                   |                     |                     |
| -- Cheddar 10# Prints   | 1.4525 - 1.9225   | 1.3300 - 1.8000   | 1.2875 - 1.7575   | 1.2775 - 1.7425   | 1.2675 - 1.7325   | 1.5350              | 1.4483              |
| -- Cheddar Single Daisies   | 1.4100 - 1.8700   | 1.2875 - 1.7475   | 1.2450 - 1.7050   | 1.2350 - 1.6950   | 1.2250 - 1.6850   | 1.4886              | 1.4008              |
| -- Cheddar 40# Block  | 1.5500 - 1.7400   | 1.4075 - 1.6175   | 1.3650 - 1.5750   | 1.3550 - 1.5650   | 1.3450 - 1.5550   | 1.4841              | 1.4008              |
| -- Process 5# Loaf  | 1.5700 - 1.7450   | 1.4450 - 1.6300   | 1.4000 - 1.5850   | 1.3975 - 1.5825   | 1.3925 - 1.5775   | 1.5109              | 1.4774              |
| -- Process 5# Sliced  | 1.5900 - 1.8575   | 1.4650 - 1.7425   | 1.4200 - 1.6975   | 1.4175 - 1.6950   | 1.4125 - 1.6900   | 1.5772              | 1.5387              |
| -- Muenster   | 1.6125 - 1.8200   | 1.4900 - 1.6975   | 1.4475 - 1.6550   | 1.4375 - 1.6450   | 1.4275 - 1.6350   | 1.5648              | 1.4770              |
| -- Grade A Swiss Cuts 10 - 14#  | 2.3500 - 2.5500   | 2.3500 - 2.5500   | 2.3500 - 2.5500   | 2.3500 - 2.5500   | 2.3500 - 2.5500   | 2.4500              | 2.4500              |
| WEST COAST (WSP, Delivered, LTL)                                      |                   |                   |                   |                   |                   |                     |                     |
| -- Process 5# Loaf  | 1.5050 - 1.7650   | 1.3900 - 1.6500   | 1.3450 - 1.6050   | 1.3425 - 1.6025   | 1.3375 - 1.5975   | 1.4932              | 1.4637              |
| -- Cheddar 40# Block  | 1.5100 - 1.6500   | 1.3875 - 1.5275   | 1.3450 - 1.4850   | 1.3350 - 1.4750   | 1.3250 - 1.4650   | 1.4286              | 1.3629              |
| -- Cheddar 10# Cuts   | 1.6900 - 1.9100   | 1.5675 - 1.7875   | 1.5250 - 1.7450   | 1.5150 - 1.7350   | 1.5050 - 1.7250   | 1.6486              | 1.5829              |
| -- Monterey Jack 10#  | 1.7000 - 1.8600   | 1.5775 - 1.7375   | 1.5350 - 1.6950   | 1.5250 - 1.6850   | 1.5150 - 1.6750   | 1.6286              | 1.5593              |
| -- Grade A Swiss Cuts 6 - 9#  | 2.3600 - 2.5300   | 2.3600 - 2.5300   | 2.3600 - 2.5300   | 2.3600 - 2.5300   | 2.3600 - 2.5300   | 2.4450              | 2.4050              |
| FLUID AND DRY PRODUCTS  |                   |                   |                   |                   |                   |                     |                     |
| SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)                  |                   |                   |                   |                   |                   |                     |                     |
| -- Northeast - f.o.b  | 1.5415 - 1.7128   | 1.5307 - 1.6615   | 1.4235 - 1.5833   | 1.4634 - 1.5885   | 1.4523 - 1.6137   | 1.5453              | 1.7369              |
| -- Atlanta - d.lvd. equiv.  | 1.5547 - 1.7128   | 1.5438 - 1.7008   | 1.4357 - 1.5817   | 1.4759 - 1.6135   | 1.4647 - 1.6137   | 1.5592              | 1.7454              |
| -- Upper Midwest - f.o.b  | 1.6469 - 1.7259   | 1.4260 - 1.6746   | 1.3870 - 1.5939   | 1.5010 - 1.6260   | 1.4523 - 1.6013   | 1.5395              | 1.7911              |
| PRICES OF CONDENSED SKIM - NORTHEAST (\$ per lb. wet solids) - f.o.b. |                   |                   |                   |                   |                   |                     |                     |
| -- Class II   | 0.9700 - 1.0500   | 0.9700 - 1.0500   | 0.9700 - 1.0500   | 0.9700 - 1.0500   | 0.9700 - 1.0500   | 1.0100              | 1.1195              |
| -- Class III  | 0.9200 - 0.9900   | 0.9200 - 0.9900   | 0.9200 - 0.9900   | 0.9200 - 0.9900   | 0.8800 - 0.9900   | 0.9508              | 0.8818              |
| NATIONAL EVAPORATED MILK (\$ per Case)                                |                   |                   |                   |                   |                   |                     |                     |
| (Case - 48 - 12 fluid oz cans)  |                   |                   |                   |                   |                   |                     |                     |
| -- Delivered Major U.S. Cities  | 19.0000 - 33.0000 | 19.0000 - 33.0000 | 19.0000 - 33.0000 | 19.0000 - 33.0000 | 19.0000 - 33.0000 | 26.0000             | 26.8684             |

MONTHLY SUMMARY AND AVERAGES FOR FEBRUARY 2002 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

| COMMODITY                           | REPORT NUMBER 5 | REPORT NUMBER 6 | REPORT NUMBER 7 | REPORT NUMBER 8 | REPORT NUMBER 9 | 2002     | 2001     |
|-------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------|----------|
|                                     | FEB 01          | FEB 04- 08      | FEB 11 - 15     | FEB 18 - 22     | FEB 25 - 28     | Average  | Average  |
|                                     |                 |                 |                 |                 |                 | or Total | or Total |
| DRY PRODUCTS                        |                 |                 |                 |                 |                 |          |          |
| NONFAT DRY MILK                     |                 |                 |                 |                 |                 |          |          |
| -- Central And East (f.o.b.)        |                 |                 |                 |                 |                 |          |          |
| -- Low/Medium Heat                  | 0.9000 - 0.9725 | 0.9000 - 0.9725 | 0.9000 - 0.9725 | 0.9000 - 0.9725 | 0.9000 - 0.9675 | 0.9357   | N. A.    |
| -- Mostly                           | 0.9300 - 0.9700 | 0.9300 - 0.9600 | 0.9300 - 0.9600 | 0.9300 - 0.9600 | 0.9200 - 0.9400 | 0.9421   | N. A.    |
| -- High Heat                        | 0.9600 - 1.0350 | 0.9600 - 1.0250 | 0.9600 - 1.0250 | 0.9600 - 1.0250 | 0.9600 - 1.0250 | 0.9928   | N. A.    |
| -- West (f.o.b.)                    |                 |                 |                 |                 |                 |          |          |
| -- Low/Medium Heat                  | 0.8950 - 1.0000 | 0.8950 - 0.9950 | 0.8950 - 0.9900 | 0.8950 - 0.9900 | 0.8950 - 0.9900 | 0.9434   | 1.0103   |
| -- Mostly                           | 0.9000 - 0.9225 | 0.9000 - 0.9225 | 0.9000 - 0.9225 | 0.9000 - 0.9225 | 0.9000 - 0.9150 | 0.9105   | 1.0100   |
| -- High Heat                        | 0.9550 - 1.0100 | 0.9325 - 1.0000 | 0.9325 - 0.9900 | 0.9325 - 0.9900 | 0.9275 - 0.9600 | 0.9600   | 1.0570   |
| WHEY POWDER (Nonhygroscopic)        |                 |                 |                 |                 |                 |          |          |
| -- Central (f.o.b.)                 | 0.2200 - 0.2500 | 0.2000 - 0.2550 | 0.1800 - 0.2375 | 0.2000 - 0.2250 | 0.1900 - 0.2050 | 0.2135   | 0.2514   |
| -- Mostly                           | 0.2350 - 0.2500 | 0.2200 - 0.2400 | 0.2100 - 0.2200 | 0.2000 - 0.2100 | 0.2000 - 0.2050 | 0.2157   | 0.2563   |
| -- West (f.o.b.)                    | 0.2150 - 0.2500 | 0.2150 - 0.2450 | 0.2150 - 0.2450 | 0.2050 - 0.2400 | 0.1925 - 0.2400 | 0.2257   | 0.2370   |
| -- Mostly                           | 0.2200 - 0.2400 | 0.2200 - 0.2350 | 0.2150 - 0.2300 | 0.2150 - 0.2250 | 0.2050 - 0.2200 | 0.2216   | 0.2338   |
| -- Northeast Extra Grade (f.o.b.)   | 0.2475 - 0.2550 | 0.2400 - 0.2475 | 0.2200 - 0.2350 | 0.2050 - 0.2150 | 0.2000 - 0.2100 | 0.2246   | 0.2693   |
| -- Northeast Usph Grade A(f.o.b.)   | 0.2650 - 0.2950 | 0.2575 - 0.2800 | 0.2450 - 0.2700 | 0.2300 - 0.2575 | 0.2200 - 0.2500 | 0.2540   | 0.2754   |
| -- Southeast Extra Grade (Delvd)    | 0.2600 - 0.2700 | 0.2600 - 0.2650 | 0.2400 - 0.2550 | 0.2300 - 0.2450 | 0.2200 - 0.2450 | 0.2471   | 0.3025   |
| WHEY PROTEIN CONCENTRATE            |                 |                 |                 |                 |                 |          |          |
| -- Central And West (f.o.b.)        |                 |                 |                 |                 |                 |          |          |
| -- Extra Grade 34% Protein          | 0.5800 - 0.6650 | 0.5800 - 0.6800 | 0.5800 - 0.6800 | 0.5800 - 0.6650 | 0.6000 - 0.6650 | 0.6286   | 0.7982   |
| -- Mostly                           | 0.6500 - 0.6650 | 0.6500 - 0.6650 | 0.6500 - 0.6650 | 0.6300 - 0.6625 | 0.6300 - 0.6475 | 0.6512   | 0.7870   |
| ANIMAL FEED - WHEY                  |                 |                 |                 |                 |                 |          |          |
| -- Central (f.o.b.)                 |                 |                 |                 |                 |                 |          |          |
| -- Milk Replacer                    | 0.2000 - 0.2100 | 0.1900 - 0.2125 | 0.1900 - 0.2125 | 0.1800 - 0.1950 | 0.1700 - 0.1900 | 0.1941   | 0.2150   |
| -- Roller Ground                    | 0.2350 - 0.2500 | 0.2275 - 0.2425 | 0.2150 - 0.2300 | 0.2000 - 0.2225 | 0.1900 - 0.2225 | 0.2211   | 0.2586   |
| -- Delactose                        | 0.4150 - 0.4300 | 0.4150 - 0.4300 | 0.3700 - 0.4300 | 0.3700 - 0.4300 | 0.3850 - 0.4150 | 0.4071   | 0.4225   |
| BUTTERMILK (Min. 30% protein)       |                 |                 |                 |                 |                 |          |          |
| -- Central (f.o.b.)                 | 0.8500 - 1.0150 | 0.8500 - 0.9500 | 0.8500 - 0.9500 | 0.8500 - 0.9500 | 0.8200 - 0.9500 | 0.8986   | 1.0150   |
| -- West (f.o.b.)                    | 0.9800 - 1.0550 | 0.9200 - 1.0400 | 0.9200 - 1.0100 | 0.9200 - 0.9900 | 0.8800 - 0.9700 | 0.9612   | 0.9992   |
| -- Mostly                           | 0.9900 - 1.0100 | 0.9700 - 1.0000 | 0.9500 - 0.9800 | 0.9400 - 0.9700 | 0.9100 - 0.9400 | 0.9616   | 0.9842   |
| -- Northeast (f.o.b.)               | 0.9500 - 1.0100 | 0.9500 - 1.0100 | 0.9000 - 1.0100 | 0.9000 - 0.9800 | 0.9000 - 0.9450 | 0.9529   | 0.9963   |
| -- Southeast (Delvd)                | 0.9200 - 0.9800 | 0.9200 - 0.9800 | 0.9200 - 0.9800 | 0.9200 - 0.9800 | 0.8800 - 0.9800 | 0.9458   | 1.0582   |
| WHOLE MILK POWDER                   |                 |                 |                 |                 |                 |          |          |
| -- National (f.o.b.)                | 1.1900 - 1.3100 | 1.2200 - 1.2800 | 1.2200 - 1.2800 | 1.2000 - 1.2800 | 1.2000 - 1.2850 | 1.2463   | 1.3200   |
| LACTOSE                             |                 |                 |                 |                 |                 |          |          |
| -- Central And West (f.o.b.)        | 0.2000 - 0.2800 | 0.2000 - 0.2800 | 0.2000 - 0.2800 | 0.2000 - 0.2800 | 0.2000 - 0.2800 | 0.2400   | 0.1850   |
| -- Mostly                           | 0.2075 - 0.2375 | 0.2075 - 0.2375 | 0.2075 - 0.2375 | 0.2075 - 0.2375 | 0.2075 - 0.2375 | 0.2225   | 0.1675   |
| CASEIN - Edible - National (f.o.b.) |                 |                 |                 |                 |                 |          |          |
| -- Nonrestricted - Rennet           | 2.3500 - 2.5000 | 2.3500 - 2.5000 | 2.3500 - 2.5000 | 2.3000 - 2.5000 | 2.3000 - 2.5000 | 2.4145   | 2.4092   |
| -- Nonrestricted - Acid             | 2.1800 - 2.3500 | 2.1800 - 2.3500 | 2.1800 - 2.3500 | 2.1500 - 2.3500 | 2.1500 - 2.3500 | 2.2587   | 2.5250   |

1/ Prices for all products are issued once a week and represent a value for the entire week. Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays, Sundays and National Holidays excluded. No monthly average is computed if one or more weekly prices are missing.

## CHICAGO MERCANTILE EXCHANGE AVERAGES FOR FEBRUARY 2002

| COMMODITY           | REPORT NUMBER 5 | REPORT NUMBER 6 | REPORT NUMBER 7 | REPORT NUMBER 8 | REPORT NUMBER 9 | 2002 *          | 2001 *          |
|---------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                     | FEB 1           | FEB 4 - 8       | FEB 11 - 15     | FEB 19 - 22     | FEB 25 - 28     | Monthly Average | Monthly Average |
| BUTTER*             |                 |                 |                 |                 |                 |                 |                 |
| -- GRADE AA         |                 |                 |                 |                 |                 |                 |                 |
| -- Monday           |                 | 1.2500          | 1.2000          | #               | 1.2425          |                 |                 |
| -- Tuesday          |                 |                 |                 |                 |                 |                 |                 |
| -- Wednesday        |                 | 1.2000          | 1.2650          | 1.2400          | 1.2425          |                 |                 |
| -- Thursday         |                 |                 |                 |                 |                 |                 |                 |
| -- Friday           | 1.3000          | 1.2000          | 1.2875          | 1.2425          |                 | 1.2427          | 1.3852          |
| -- Weekly Average** | 1.3083          | 1.2167          | 1.2508          | 1.2413          |                 |                 |                 |
| CHEESE*             |                 |                 |                 |                 |                 |                 |                 |
| -- BARRELS          |                 |                 |                 |                 |                 |                 |                 |
| -- Monday           |                 | 1.2000          | 1.1875          | #               | 1.1500          |                 |                 |
| -- Tuesday          |                 | 1.1875          | 1.1875          | 1.1925          | 1.1500          |                 |                 |
| -- Wednesday        |                 | 1.1875          | 1.1875          | 1.1925          | 1.1500          |                 |                 |
| -- Thursday         |                 | 1.1875          | 1.1875          | 1.1925          | 1.1500          |                 |                 |
| -- Friday           | 1.2000          | 1.1875          | 1.1875          | 1.1500          |                 | 1.1797          | 1.2232          |
| -- Weekly Average** | 1.2360          | 1.1900          | 1.1875          | 1.1819          |                 |                 |                 |
| -- 40# BLOCKS       |                 |                 |                 |                 |                 |                 |                 |
| -- Monday           |                 | 1.2275          | 1.2200          | #               | 1.1650          |                 |                 |
| -- Tuesday          |                 | 1.2300          | 1.2125          | 1.2100          | 1.1650          |                 |                 |
| -- Wednesday        |                 | 1.2200          | 1.2075          | 1.2150          | 1.1900          |                 |                 |
| -- Thursday         |                 | 1.2200          | 1.2150          | 1.2125          | 1.1900          |                 |                 |
| -- Friday           | 1.2350          | 1.2200          | 1.2150          | 1.1750          |                 | 1.2076          | 1.2184          |
| -- Weekly Average** | 1.2670          | 1.2235          | 1.2140          | 1.2031          |                 |                 |                 |
| NONFAT DRY MILK*    |                 |                 |                 |                 |                 |                 |                 |
| -- EXTRA GRADE      |                 |                 |                 |                 |                 |                 |                 |
| -- Monday           |                 | 0.9900          | 0.9900          | #               | 0.9900          |                 |                 |
| -- Tuesday          |                 | 0.9900          | 0.9900          | 0.9900          | 0.9900          |                 |                 |
| -- Wednesday        |                 | 0.9900          | 0.9900          | 0.9900          | 0.9900          |                 |                 |
| -- Thursday         |                 | 0.9900          | 0.9900          | 0.9900          | 0.9900          |                 |                 |
| -- Friday           | 0.9900          | 0.9900          | 0.9900          | 0.9900          |                 | 0.9900          | 1.0300          |
| -- Weekly Average** | 0.9900          | 0.9900          | 0.9900          | 0.9900          |                 |                 |                 |
| -- GRADE A          |                 |                 |                 |                 |                 |                 |                 |
| -- Monday           |                 | 1.0000          | 1.0000          | #               | 1.0000          |                 |                 |
| -- Tuesday          |                 | 1.0000          | 1.0000          | 1.0000          | 1.0000          |                 |                 |
| -- Wednesday        |                 | 1.0000          | 1.0000          | 1.0000          | 1.0000          |                 |                 |
| -- Thursday         |                 | 1.0000          | 1.0000          | 1.0000          | 1.0000          |                 |                 |
| -- Friday           | 1.0000          | 1.0000          | 1.0000          | 1.0000          |                 | 1.0000          | 1.0300          |
| -- Weekly Average** | 1.0000          | 1.0000          | 1.0000          | 1.0000          |                 |                 |                 |

\* Monthly averages are a simple average of all the closes during the month. Weekly and monthly averages are independent calculations.

\*\* Weekly averages are simple averages of the closes during the calendar week and are for information purposes. Should the week be split between two months, the weekly average will appear in the monthly report in which the Friday close is reported.

# Presidents' Day, CME was closed.

**FEBRUARY 2002 DEIP BID ACCEPTANCES**

| ACCEPTANCE<br>DATE  | DESTINATION             | QUANTITY<br>(MT) | DEL. PERIOD | BONUS/MT        |
|---|-------------------------|------------------|-------------|-----------------|
| <b>NONFAT DRY MILK</b>  |                         |                  |             |                 |
| JULY 2001 – JANUARY 2002  |                         | 27,786           |             |                 |
| 01/31/02#   | CARIBBEAN, CENT & S. AM | 471              | FEB-JUL     | \$500           |
| 01/31/02#   | AFRICA & MIDDLE EAST    | 40               | FEB-JUN     | \$550           |
| 02/08/02  | CARIBBEAN, CENT & S. AM | 25               | FEB-MAY     | \$555           |
| 02/08/02  | AFRICA & MIDDLE EAST    | 40               | FEB-MAR     | \$550           |
| 02/11/02  | AFRICA & MIDDLE EAST    | 240              | MAR-JUN     | \$555           |
| 02/12/02  | AFRICA & MIDDLE EAST    | 17               | FEB-JUL     | \$555           |
| 02/13/02  | ASIA & FSU              | 5,000            | FEB-NOV     | \$610           |
| 02/14/02  | ASIA & FSU              | 180              | FEB-JUN     | \$575           |
| 02/14/02  | AFRICA & MIDDLE EAST    | 35               | FEB-JUN     | \$610           |
| 02/15/02  | ASIA & FSU              | 500              | FEB-JUN     | \$610           |
| 02/19/02  | CARIBBEAN, CENT & S. AM | 800              | FEB-APR     | \$610           |
| 02/20/02  | CARIBBEAN, CENT & S. AM | 238              | FEB-MAY     | \$599.92        |
| 02/21/02  | CARIBBEAN, CENT & S. AM | 72               | FEB-AUG     | \$610           |
| 02/22/02  | CARIBBEAN, CENT & S. AM | 18               | FEB-MAR     | \$610           |
| 02/28/02  | CARIBBEAN, CENT & S. AM | 455              | FEB-MAY     | \$618.68        |
| FEBRUARY 1 – 28, 2002   |                         | <u>8,131</u>     |             |                 |
| <b>CHEESE</b>   |                         |                  |             |                 |
| JULY 2001 - JANUARY 2002  |                         | 3,030*           |             |                 |
| FEBRUARY 1 – 28, 2002   |                         | <u>0</u>         |             |                 |
| C-CHEDDAR, G-GOUDA, M-MOZZARELLA, P-PROCESSED AMERICAN, CC-CREAM CHEESE, MJ-MONTEREY JACK, V-VARIETAL |                         |                  |             |                 |
| <b>BUTTERFAT</b>  |                         |                  |             |                 |
| JULY 2001 – JANUARY 2002  |                         | 0                |             |                 |
| FEBRUARY 1 – 28, 2002   |                         | <u>0</u>         |             |                 |
| A-ANHYDROUS MILKFAT, B-BUTTER   |                         |                  |             |                 |
| TOTAL MT  |                         |                  |             | PROGRAM TO DATE |
| TOTAL BONUS VALUE   |                         |                  |             | 38,947          |
|   |                         |                  |             | \$17,227.000    |

Exporters of U.S. milk powder, butterfat and cheddar cheese are aided under the Dairy Export Incentive Program (DEIP), created by Food Security Act of 1985 and extended by the Food, Agriculture, Conservation, and Trade Act of 1990. Export sales are facilitated through payment of bonuses by the U.S. Department of Agriculture's Commodity Credit Corporation. Sales of dairy products will be made through normal commercial channels at competitive world prices. For further information call L.T. McElvain (202) 720-6211.

Conversion: 1 metric ton (MT) = 2,204.6 pounds. **SOURCE: FOREIGN AGRICULTURAL SERVICE**

\* Program year allocations are filled

# Data not available at time of last report

## MONTHLY COLD STORAGE REPORT – TOTAL U.S. STOCKS

NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

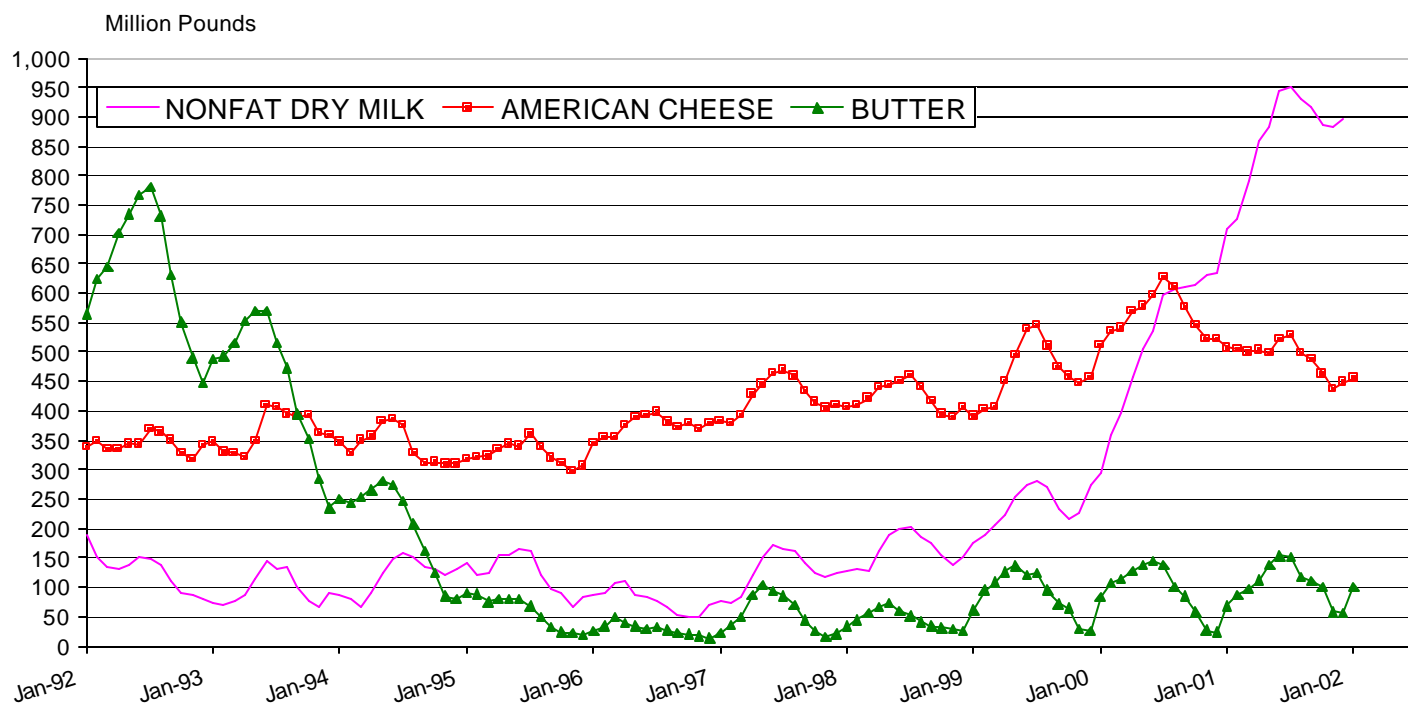
All stocks in thousand pounds except where otherwise indicated

| U.S. HOLDINGS OF DAIRY PRODUCTS             |                 |                 |                         |                 |                 |                 |
|---|-----------------|-----------------|-------------------------|-----------------|-----------------|-----------------|
| COMMODITY                                   | DEC 31,<br>1999 | DEC 31,<br>2000 | REVISED<br>DEC 31, 2001 | JAN 31,<br>2000 | JAN 31,<br>2001 | JAN 31,<br>2002 |
| Butter                                      | 25,082          | 24,115          | 55,915                  | 82,446          | 68,405          | 101,176         |
| Cheese, Natural American                    | 457,990         | 522,625         | 449,105                 | 511,627         | 507,000         | 455,334         |
| Cheese, Swiss                               | 8,381           | 14,186          | 12,051                  | 14,799          | 13,968          | 12,438          |
| Cheese, Other Natural                       | 154,890         | 171,000         | 198,885                 | 201,626         | 188,937         | 213,382         |
| U.S. GOVERNMENT OWNED COLD STORAGE HOLDINGS |                 |                 |                         |                 |                 |                 |
| Butter                                      | 223             | 142             | 436                     | 288             | 338             | 255             |
| Natural American Cheese                     | 18              | 1,494           | 817                     | 70              | 2,270           | 794             |

| JANUARY COLD STORAGE HOLDINGS BY REGION |                         |         |         |          |        |         |                      |         |         |
|---|-------------------------|---------|---------|----------|--------|---------|----------------------|---------|---------|
| REGION                                  | Natural American Cheese |         |         | Butter * |        |         | Other Natural Cheese |         |         |
|   | 2000                    | 2001    | 2002    | 2000     | 2001   | 2002    | 2000                 | 2001    | 2002    |
| New England                             | 19,873                  | 20,021  | 19,615  | ---      | ---    | ---     | 587                  | 437     | 573     |
| Middle Atlantic                         | 39,968                  | 48,666  | 56,993  | ---      | ---    | ---     | 14,156               | 9,701   | 37,994  |
| East North Central                      | 235,372                 | 248,022 | 174,147 | ---      | ---    | ---     | 100,716              | 97,487  | 103,117 |
| West North Central                      | 104,964                 | 83,107  | 98,772  | ---      | ---    | ---     | 62,993               | 60,756  | 59,305  |
| South Atlantic                          | 787                     | 6,772   | 5,523   | ---      | ---    | ---     | 1,874                | 323     | 185     |
| East South Central                      | 0                       | 0       | 42      | ---      | ---    | ---     | 160                  | 169     | 172     |
| West South Central                      | 472                     | 401     | 2,772   | ---      | ---    | ---     | 234                  | 521     | 223     |
| Mountain                                | 14,221                  | 11,448  | 8,434   | ---      | ---    | ---     | 5,267                | 6,895   | 2,906   |
| Pacific                                 | 95,970                  | 88,563  | 89,036  | ---      | ---    | ---     | 15,639               | 12,648  | 8,907   |
| TOTAL                                   | 511,627                 | 507,000 | 455,334 | 82,446   | 68,405 | 101,176 | 201,626              | 188,937 | 213,382 |

\*Regional breakdowns are not reported to avoid possible disclosure of individual operations.

## U.S. Cold Storage Holdings



## COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 2001 TO DATE

| Month     | Butter          |      |            |      |            |           | Natural American Cheese |      |            |      |            |           | Nonfat Dry Milk    |      |            |      |                      |      |
|-----------|-----------------|------|------------|------|------------|-----------|-------------------------|------|------------|------|------------|-----------|--------------------|------|------------|------|----------------------|------|
|           | Total <u>1/</u> |      | Commercial |      | Government |           | Total <u>1/</u>         |      | Commercial |      | Government |           | Total <u>1/ 2/</u> |      | Commercial |      | Government <u>2/</u> |      |
|           | 2002            | 2001 | 2002       | 2001 | 2002       | 2001      | 2002                    | 2001 | 2002       | 2001 | 2002       | 2001      | 2002               | 2001 | 2002       | 2001 | 2002                 | 2001 |
|           | Million Pounds  |      |            |      |            |           | Million Pounds          |      |            |      |            |           | Million Pounds     |      |            |      |                      |      |
| January   | 101             | 68   | 101        | 68   | <u>3/</u>  | <u>3/</u> | 455                     | 507  | 455        | 505  | 1          | 2         | 708                |      | 145        |      | 563                  |      |
| February  |                 | 86   |            | 86   |            | <u>3/</u> |                         | 506  |            | 504  |            | 2         | 726                |      | 138        |      | 589                  |      |
| March     |                 | 96   |            | 95   |            | 1         |                         | 500  |            | 498  |            | 2         | 791                |      | 123        |      | 668                  |      |
| April     |                 | 112  |            | 112  |            | 1         |                         | 503  |            | 501  |            | 2         | 858                |      | 127        |      | 731                  |      |
| May       |                 | 138  |            | 137  |            | 1         |                         | 497  |            | 496  |            | 2         | 882                |      | 134        |      | 747                  |      |
| June      |                 | 153  |            | 153  |            | 1         |                         | 522  |            | 520  |            | 2         | 945                |      | 166        |      | 779                  |      |
| July      |                 | 151  |            | 150  |            | 1         |                         | 528  |            | 526  |            | 2         | 950                |      | 147        |      | 803                  |      |
| August    |                 | 118  |            | 117  |            | 1         |                         | 499  |            | 497  |            | 2         | 930                |      | 109        |      | 821                  |      |
| September |                 | 111  |            | 111  |            | <u>3/</u> |                         | 488  |            | 486  |            | 1         | 918                |      | 103        |      | 815                  |      |
| October   |                 | 101  |            | 100  |            | <u>3/</u> |                         | 463  |            | 462  |            | 1         | 885                |      | 100        |      | 785                  |      |
| November  |                 | 58   |            | 58   |            | <u>3/</u> |                         | 438  |            | 438  |            | <u>3/</u> | 882                |      | 113        |      | 769                  |      |
| December  |                 | 56   |            | 55   |            | <u>3/</u> |                         | 449  |            | 448  |            | 1         | 897                |      | 121        |      | 776                  |      |

NA = Not available. 1/ Total may not add due to rounding. 2/ Includes instant nonfat dry milk. 3/ Less than 500,000 lbs.

COMMERCIALLY OWNED COLD STORAGE HOLDINGS FOR THE UNITED STATES 1/

| Commodity               | Dec 31,<br>1999 | Dec 31,<br>2000 | Dec 31,<br>2001 | Jan 31,<br>2000 | Jan 31,<br>2001 | Jan 31,<br>2002 |
|-------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                         | Thousand Pounds |                 |                 |                 |                 |                 |
| Butter                  | 24,859          | 23,973          | 55,479          | 82,158          | 68,067          | 100,921         |
| Natural American Cheese | 457,972         | 521,131         | 448,288         | 511,557         | 504,730         | 454,540         |

1/ Total holdings minus Government owned holdings. For more information, see page 13 of this report.

**SOURCE:** "Cold Storage," Co St 1 (2-02) and "Dairy Products," Da 2-6 (2-02), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Farm Service Agency.

## FEDERAL MILK ORDER ADVANCE PRICES, MARCH

**Class I Base Price** -- Under the Federal milk order pricing system, the Class I base price for March 2002 is \$11.62 per cwt. This price is derived from the advanced Class III skim milk pricing factor of \$7.10 and the advanced butterfat pricing factor of \$1.3617. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I price. **Class II Price Information** -- The advanced Class IV skim milk pricing factor is \$6.96. Thus, the Class II skim milk price for February is \$7.66 per cwt., and the Class II nonfat solids price is \$0.8511. **Product Price Averages** -- The two-week product price averages for January are; butter \$1.2316, nonfat dry milk \$0.9133, cheese \$1.2862, and dry whey \$0.2347.

| FEDERAL MILK ORDER CLASS I PRICE INFORMATION 1/ 2/ |              |                       |                         |                         |
|--|--------------|-----------------------|-------------------------|-------------------------|
| Federal Milk Order Marketing Area 3/               | Order Number | March 2002            |                         |                         |
|  |              | Class I Price (3.5 %) | Class I Skim Milk Price | Class I Butterfat Price |
|  |              | \$ per cwt.           | \$ per cwt.             | \$ per pound            |
| Northeast (Boston) 4/                              | 001          | 14.87                 | 10.35                   | 1.3942                  |
| Appalachian (Charlotte) 5/                         | 005          | 14.72                 | 10.20                   | 1.3927                  |
| Southeast (Atlanta) 6/                             | 007          | 14.72                 | 10.20                   | 1.3927                  |
| Florida (Tampa) 7/                                 | 006          | 15.62                 | 11.10                   | 1.4017                  |
| Midwest (Cleveland) 8/                             | 033          | 13.62                 | 9.10                    | 1.3817                  |
| Upper Midwest (Chicago) 9/                         | 030          | 13.42                 | 8.90                    | 1.3797                  |
| Central (Kansas City) 10/                          | 032          | 13.62                 | 9.10                    | 1.3817                  |
| Southwest (Dallas) 11/                             | 126          | 14.62                 | 10.10                   | 1.3917                  |
| Arizona-Las Vegas (Phoenix) 12/                    | 131          | 13.97                 | 9.45                    | 1.3852                  |
| Western (Salt Lake City) 13/                       | 135          | 13.52                 | 9.00                    | 1.3807                  |
| Pacific Northwest (Seattle) 14/                    | 124          | 13.52                 | 9.00                    | 1.3807                  |
| All-Market Average                                 |              | 14.20                 | 9.68                    | 1.3875                  |

1/ To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. 2/ Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table. 3/ Names in parentheses are the major city in the principal pricing point of the markets. 4/ Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25; and Washington, DC, minus \$0.25. 5/ Class I prices at other cities are: Knoxville, minus \$0.30 and Louisville, minus \$0.90. 6/ Class I prices at other cities are: New Orleans; plus \$0.50; Memphis, minus \$0.30; Nashville, minus \$0.50; and Springfield, Mo., minus \$0.90. 7/ Class I prices at other cities are: Orlando, same; Miami, plus \$0.30; and Jacksonville, minus \$0.30. 8/ Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20. 9/ Class I prices at other cities are: Milwaukee, minus 0.05; and Minneapolis, minus, \$0.10. 10/ Class I prices at other cities are: Des Moines, minus 0.20; Omaha, minus 0.15; Oklahoma City, plus 0.60; St. Louis, same; and Denver plus \$0.55. 11/ Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75. 12/ Class I price at Las Vegas is minus \$0.35. 13/ Class I price at Boise is minus \$0.30. 14/ Class I prices at other cities are: Portland, same; and Spokane, same.

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

|                        | FOR THE WEEK OF FEBRUARY 25 - MARCH 1 |                      |                    | CUMULATIVE TOTALS |                       | UNCOMMITTED INVENTORIES# |                       |
|------------------------|---------------------------------------|----------------------|--------------------|-------------------|-----------------------|--------------------------|-----------------------|
|                        | TOTAL PURCHASES                       | CONTRACT ADJUSTMENTS | ADJUSTED PURCHASES | SINCE 10/01/01    | SAME PERIOD LAST YEAR | WEEK ENDING 02/22/02     | SAME PERIOD LAST YEAR |
| <b>BUTTER</b>          |                                       |                      |                    |                   |                       |                          |                       |
| Bulk                   | -0-                                   | -0-                  | -0-                | -0-               | -0-                   | -0-                      | -0-                   |
| Packaged               | -0-                                   | -0-                  | -0-                | -0-               | -0-                   | -0-                      | -0-                   |
| Unsalted               | -0-                                   | -0-                  | -0-                | -0-               | -0-                   | -0-                      | -0-                   |
| <b>TOTAL</b>           | -0-                                   | -0-                  | -0-                | -0-               | -0-                   | -0-                      | -0-                   |
| <b>CHEESE</b>          |                                       |                      |                    |                   |                       |                          |                       |
| Block                  | -0-                                   | -0-                  | -0-                | -0-               | 3,050,083             | -0-                      | -0-                   |
| Barrel                 | -0-                                   | -0-                  | -0-                | -0-               | 4,025,276             | -0-                      | -0-                   |
| Process                | -0-                                   | -0-                  | -0-                | -0-               | 4,039,200             | -0-                      | -0-                   |
| <b>TOTAL</b>           | -0-                                   | -0-                  | -0-                | -0-               | 11,114,559            | -0-                      | -0-                   |
| <b>NONFAT DRY MILK</b> |                                       |                      |                    |                   |                       |                          |                       |
| Nonfortified           | 22,854,768                            | 346,706              | 22,508,062         | 198,291,606       | 197,370,884           | 768,610,000              | 425,428,000           |
| Fortified              | -0-                                   | -0-                  | -0-                | -0-               | 26,867,069            | 38,227,000               | 37,339,000            |
| <b>TOTAL</b>           | 22,854,768                            | 346,706              | 22,508,062         | 198,291,606       | 224,237,953           | 806,837,000              | 462,767,000           |

# Although an uncommitted inventory of NDM has continued to exist for some time, it has not been reported due to CCC's efforts to utilize all NDM purchased under price support.

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

|  | MILKFAT* BASIS | SKIM** SOLIDS |                                    | MILKFAT* BASIS | SKIM** SOLIDS |
|--|----------------|---------------|------------------------------------|----------------|---------------|
| EEK OF FEBRUARY 25 - MARCH 1, 2002 =   | 5.0            | 262.0         | COMPARABLE PERIOD IN 2001 =        | 4.6            | 150.8         |
| CUMULATIVE SINCE OCTOBER 1, 2001 =     | 43.6           | 2,308.1       | CUMULATIVE SAME PERIOD LAST YEAR = | 151.9          | 2,720.2       |
| CUMULATIVE JANUARY 1 - MARCH 1, 2002 = | 26.7           | 1,412.2       | COMPARABLE CALENDAR YEAR 2001 =    | 35.4           | 1,237.6       |

\* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

\*\*Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF FEBRUARY 25 - MARCH 1, 2002 (POUNDS)

| REGION  | BUTTER |          |          | CHEESE |        |         | NONFAT DRY MILK |           |
|---------|--------|----------|----------|--------|--------|---------|-----------------|-----------|
|         | BULK   | PACKAGED | UNSALTED | BLOCK  | BARREL | PROCESS | NONFORTIFIED    | FORTIFIED |
| MIDWEST | -0-    | -0-      | -0-      | -0-    | -0-    | -0-     | -0-             | -0-       |
| WEST    | -0-    | -0-      | -0-      | -0-    | -0-    | -0-     | 21,483,768      | -0-       |
| EAST    | -0-    | -0-      | -0-      | -0-    | -0-    | -0-     | 1,024,294       | -0-       |

CCC ADJUSTED PURCHASES SINCE 10/1/01 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

| REGION       | BUTTER  |         |         | CHEESE     |             |             | NONFAT DRY MILK |         | MILK EQUIVALENT (%) |         |
|--------------|---------|---------|---------|------------|-------------|-------------|-----------------|---------|---------------------|---------|
|              | 2001/02 | 2000/01 | 2001/02 | 2000/01    | 2001/02     | 2000/01     | 2001/02         | 2000/01 | 2001/02             | 2000/01 |
| MIDWEST      | -0-     | -0-     | -0-     | 6,035,040  | 5,373,350   | 2,847,261   | 2.7             | 37.1    |                     |         |
| WEST         | -0-     | -0-     | -0-     | 5,039,919  | 187,699,447 | 221,390,692 | 94.7            | 62.7    |                     |         |
| EAST         | -0-     | -0-     | -0-     | 39,600     | 5,218,809   | -0-         | 2.6             | 0.2     |                     |         |
| <b>TOTAL</b> | -0-     | -0-     | -0-     | 11,114,559 | 198,291,606 | 224,237,953 | 100.0           | 100.0   |                     |         |

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER MAY 31, 2001

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.; 3.5% - \$9.80

BUTTER Bulk \$.8548 per pound; 1# Prints \$.8848

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1839; Process Am. 2# \$1.2239

NONFAT DRY MILK Nonfortified \$.9000 per pound; Fortified \$.9100; Instant \$1.0575

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 02/09/02 & Comparable Week 2001

| Regions* (000 HEAD) | U.S. TOTAL |     |     |      |      |      |      |     |      |     | % DAIRY OF ALL   |                  |
|---------------------|------------|-----|-----|------|------|------|------|-----|------|-----|------------------|------------------|
|                     | 1          | 2   | 3   | 4    | 5    | 6    | 7    | 8   | 9    | 10  | WEEK SINCE JAN 1 | WEEK SINCE JAN 1 |
| 2002-Dairy          | 0.2        | 0.6 | 5.7 | 4.7  | 18.3 | 2.7  | 0.5  | 0.9 | 13.3 | 2.8 | 49.7             | 48.6             |
| 2001-Dairy          | 0.3        | 0.8 | 5.8 | 5.5  | 21.7 | 2.9  | 2.3  | 1.0 | 11.7 | 3.4 | 55.1             | 50.0             |
| 2002-All cows       | 0.2        | 0.8 | 7.7 | 12.4 | 30.0 | 12.0 | 15.1 | 3.4 | 15.0 | 5.6 | 102.3            | 663.6            |
| 2001-All cows       | 0.3        | 0.8 | 7.8 | 14.0 | 31.3 | 13.2 | 17.8 | 5.4 | 13.2 | 6.3 | 110.1            | 697.3            |

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III (2000) AND BFP (1998-99) MILK PRICES, (3.5% BF, \$/CWT. FOR COMPARISON PURPOSES ONLY)

| YEAR | JAN   | FEB   | MAR   | APR   | MAY   | JUN   | JUL   | AUG   | SEP   | OCT   | NOV   | DEC   |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 1998 | 13.25 | 13.32 | 12.81 | 12.01 | 10.88 | 13.10 | 14.77 | 14.99 | 15.10 | 16.04 | 16.84 | 17.34 |
| 1999 | 16.27 | 10.27 | 11.62 | 11.81 | 11.26 | 11.42 | 13.59 | 15.79 | 16.26 | 11.49 | 9.79  | 9.63  |
| 2000 | 10.05 | 9.54  | 9.54  | 9.41  | 9.37  | 9.46  | 10.66 | 10.13 | 10.76 | 10.02 | 8.57  | 9.37  |
| 2001 | 9.99  | 10.27 | 11.42 | 12.06 | 13.83 | 15.02 | 15.46 | 15.55 | 15.90 | 14.60 | 11.31 | 11.80 |

FEDERAL MILK ORDER CLASS PRICES FOR 2002 (3.5% BF)

| CLASS | JAN   | FEB   | MAR   | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC |
|-------|-------|-------|-------|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| I 1/  | 11.96 | 11.95 | 11.62 |     |     |     |     |     |     |     |     |     |
| II    | 12.69 |       |       |     |     |     |     |     |     |     |     |     |
| III   | 11.87 |       |       |     |     |     |     |     |     |     |     |     |
| IV    | 11.93 |       |       |     |     |     |     |     |     |     |     |     |

1/ Specific order differentials to be added to this base price are located at: [www.ams.usda.gov/dairy/mib/class\\_prod\\_milk\\_comp\\_pr.htm](http://www.ams.usda.gov/dairy/mib/class_prod_milk_comp_pr.htm)